

INFORMATION LETTER

Not for
Publication

NATIONAL CANNERS ASSOCIATION

For Members
Only

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September 25, 1954

Room Reservations for 1955 Convention

A few members still have not sent in their requests for rooms for the 1955 Convention in Chicago, February 19-23. Members who desire rooms at the Convention are urged to complete the room request form, mailed to them six weeks ago, and return it promptly to N.C.A. Rooms are now being tentatively assigned.

New Unemployment Program

In addition to making major changes in the federal Social Security Act, the 83rd Congress passed two laws designed to extend and strengthen the joint federal-state unemployment compensation program. The first of these constitutes the first major extension of the coverage of the unemployment insurance system since it was established in 1935. The second will aid in protecting state unemployment trust accounts against the contingency of insolvency and will provide greater flexibility in administrative operations.

Amendments to the Federal Unemployment Tax Act

The federal unemployment tax is a 3 percent tax levied upon the payrolls of all employers of eight or more workers during 20 weeks in the year in all but certain specified categories of employment. The categories of employment exempt by statute substantially follow those of the federal Social Security Act, although the Federal Unemployment Tax Act has not been successively amended over the years, as has the Social Security Act, and the definitions of exempt employment under the two acts do not necessarily coincide today.

Although the unemployment insurance system has always been primarily a state program, the federal unemployment tax is owed to the federal government. The employer is permitted, however, to offset up to 90 percent of his federal tax with any

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1954 Yearbook of Agriculture

The U. S. Department of Agriculture has published its 1954 Yearbook of Agriculture, entitled *Marketing*, containing facts about the complex system by which American farm products are brought to their users.

The 520-page volume comprises 18 sections and 88 chapters and was written by 117 marketing specialists, most of whom are employees of USDA and agricultural colleges.

Carlos Campbell, Executive Secretary-Treasurer of N.C.A., contributed one of the 88 chapters, at the invitation of the Yearbook editor.

A Congressional document, the Yearbook is distributed mainly by members of Congress. It also is sold by the Government Printing Office at \$1.75 a copy.

Some of the chapter headings indicate the scope of the book: *Marketing: What Is It?; How Efficient Is Our Marketing System?; How Much Does Marketing Cost Us?; Farmers as Their Own Salesmen; The Place of Terminal Markets; The Chains as a*

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Export of Agricultural Surplus

The Secretary of Agriculture is seeking to determine which agricultural commodities will be considered as "surplus" and eligible for sale under the Agricultural Trade Development and Assistance Act of 1954 (P. L. 480).

In a September 17 announcement on its part in the surplus disposal program, USDA said that such a list would be issued "in a few days." However, it was indicated this week that publication of the list is being delayed by "unforeseen difficulties" and "interdepartmental conferences."

USDA's announcement said that preliminary discussions with foreign governments are under way and that the first purchases will be authorized within the next few weeks. Sales will be carried out under the supervision of USDA's Foreign Agricultural Service, at prices "at which such commodities may otherwise be bought from the United States by foreign importers for dollars."

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Circuit Court Rejects Definition of 'Area of Production'

The definition of "area of production" promulgated by the Administrator of the Wage and Hour Division has once again been declared invalid by a U. S. Court of Appeals. The Court of Appeals for the 5th Circuit, in a decision handed down September 3, has ruled that the current definition of "area of production" is invalid because it excludes those establishments located in any town or city of 2,500 or more population. The decision follows the Court's conclusion that, in defining the "area of production," the Administrator is limited to the fixing of geographical boundaries and may not exclude establishments within such boundaries because of population circumstances or other conditions.

The scope of the Section 13(a) (10) exemption from both the wage and hour requirements of the Fair Labor Standards Act and the propriety of the administrative definition which that Section authorizes have long been the subject of controversy. In the first regulation promulgated under the Act, the area of production exemption was available to canners of fruits and vegetables only if their circumstances conformed to a three-fold test. Ninety-five percent of their raw material was required to come from a given distance from the plant. The definition also excluded those plants located in or within prescribed distances of cities or towns with definite population limits. Additionally, the plant, even though it was within the established boundaries of the area, could not employ more than seven employees.

The U. S. Supreme Court in the *Addison v. Holly Hill* case (see INFORMATION LETTER of June 10, 1944, page 8257) concluded that Congress did not intend "to allow the Administrator to discriminate between small and bigger establishments within the zone of agricultural production" and declared invalid that portion of the administrative definition which placed limits on the number of employees. The Court specifically refrained from passing upon the validity of the provision of the regulation which ex-

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New Unemployment Program

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taxes paid to an unemployment insurance system under the laws of the state in which he does business. The federal law also permits the employer to include in his offset any state tax savings that are allowed him under the laws of his state. Many states make special provision for seasonal industries such as the canning industry in granting tax reductions to those employers whose unemployment experience meets certain requirements.

The recent amendments to the Federal Unemployment Tax Act extend the federal tax coverage to all employers who employ four or more employees in each of 20 weeks during the year. As before, the term "employer" does not include any person unless on each of some 20 days during the taxable year, each day being in a different calendar week, the total number of individuals who were employed by him in non-exempt employment for some portion of the day (whether or not in the same moment of time) amounts to the prescribed number—previously eight and now four. This amendment is effective with respect to services performed after December 31, 1954.

Many states have already lowered their own requirements so as to cover employers with fewer than eight employees. The application of the 3 percent federal tax to all employers with four or more employees will require all states to bring their unemployment insurance programs in line with the employer coverage of the federal law, if the permissible 90 percent tax offset is to be made available to the taxed employer.

Reduced Rates for Newly Covered Employers

The Federal Unemployment Tax Act permits employers to credit against their federal unemployment tax those tax reductions based on unemployment experience which are permitted by the state. The federal law grants this additional credit, however, only if the state law requires an employer to have at least three years of experience before he can qualify for tax reduction.

To avoid penalizing those employers who become subject to the tax for the first time under the expanded coverage, the new law provides that the state may permit newly covered employers to consider the period of time the new employer has had experience under the law as the period of experience required before rate reduction is possible. In other words, the rate for an employer who has had one

year's experience may be based on one year's experience, and the rate for one who has had experience for two years on his two years' experience.

Elimination of Quarterly Installment Privilege

The new law eliminates the right to pay the federal unemployment tax in quarterly installments. Under existing law, the taxpayer may elect to pay the tax in four equal installments following the close of the taxable year. Under the amendment the total amount of the tax must be paid not later than January 31 following the close of the taxable year.

Employment Security Administrative Financing Act of 1954

Closely allied to the changes in the Federal Unemployment Tax Act is a new law designed to insure that all of the tax payments made by employers under this Act be used either for the administration of federal-state unemployment programs or returned to the states.

The 3 percent tax levied upon the payrolls of covered employees is owed to the federal government. The employer, however, is permitted to offset up to 90 percent of the federal tax (2.7 percent of taxable payrolls) with any taxes paid to an unemployment-insurance system under the laws of the state in which he does business.

The reservation of 10 percent of the tax for the federal government was designed to cover the expenses of administering the federal-state operations of the employment security program. Federal tax collections from this source, however, were not earmarked for the program and have in the past been allocated to the general fund of the Treasury. Each year Congress appropriates money for administrative expenses on both the federal and state levels.

Experience has shown that the 10 percent of the tax reserved to the federal government is considerably in excess of the amounts needed for administrative costs. The excess collections have in the past been used to meet general expenses of the government unrelated to the employment security program.

The Employment Security Administrative Financing Act of 1954 earmarks all excess federal unemployment tax collections for use in the program. A balance of \$200 million is to be maintained in the federal unemployment account. Any tax collections in excess of the cost of administering the federal-state program and not necessary to maintain the \$200 million balance in the federal unem-

ployment account is to be held in trust accounts for the individual states on a pro rata basis. Such trust accounts may be drawn on by the states to pay unemployment benefits or, if the state legislature so desires, to supplement federal administrative grants.

The required \$200 million balance in the federal unemployment account may also be drawn on by the states on a loan basis whenever the state's unemployment reserve account becomes sufficiently low to meet certain tests set out in the law. Failure of the state to repay the loan after four years will result in a 5 percent annual decrease in the amount of offset against the federal tax permitted to employers of that state.

The new law will have the effect of strengthening the financing of unemployment security programs in the states generally.

Pack of Canned Meat

The quantity of meat canned and meat products processed under federal inspection during the month of August has been reported by the Agricultural Marketing Service, USDA, at 136,954 thousand pounds, including quantities for defense.

Canned Meat and Meat Products Processed under Federal Inspection August, 1954

	3 Lbs. & over	Under 3 Lbs.	Total
	(in thousands of pounds)		
Luncheon meat.....	15,437	11,746	27,183
Canned hams.....	10,942	408	11,440
Corned beef hash.....	200	6,548	6,748
Chili con carne.....	500	12,952	13,452
Vienna sausage.....	150	6,027	6,177
Frankfurters and wieners in brine.....	12	475	487
Deviled ham.....	16	722	737
Other potted and deviled meat products.....		3,749	3,749
Tamales.....	312	3,722	4,034
Sliced, dried beef.....	14	497	511
Liver products.....		220	220
Meat stew.....	75	4,440	4,515
Spaghetti meat products.....	172	6,817	6,989
Tongue (not pickled).....	93	70	163
Vinegar pickled products.....	896	1,427	2,293
Bulk sausage.....		511	511
Hamburger.....	140	2,729	2,869
Soups.....	1,114	16,583	17,647
Sausage in oil.....	495	328	823
Tripe.....		693	693
Brains.....		243	243
Bacon.....	75	25	101
All other products 20% or more meat.....	443	7,635	8,278
All other products less than 20% meat (except soup).....	233	12,947	13,180
Total all products.....	31,287	101,756	133,043

Columns do not add to totals shown in all cases since rounded figures are used. Amounts packed for defense are not included in these items. Total production, including quantities for defense agencies, was 136,954 thousand pounds.

1954 Pack of Apricots

The 1954 pack of canned apricots totaled 3,411,660 actual cases as compared with the 1953 pack of 5,827,380 cases, according to a report by the N.C.A. Division of Statistics.

On the basis of standard cases of 24/2½s, the 1954 pack amounted to 2,796,000 cases as compared with the 1953 pack of 4,759,000 cases.

State	1953	1954
	(actual cases)	
Utah.....	(a)	104,193
Washington and Oregon..	44,767	(a)
California.....	5,775,180	3,279,780
Other states.....	7,463	27,687
U. S. Total.....	5,827,380	3,411,660

(a) Included in other states.

1954 Pack of Sweet Cherries

The 1954 pack of canned sweet cherries totaled 1,481,952 actual cases as compared with the 1953 pack of 1,539,985 actual cases, according to a report by the N.C.A. Division of Statistics.

On the basis of standard cases of 24/2½s, the 1954 pack amounted to 953,000 cases as compared with the 1953 pack of 1,059,000 cases.

State	1953	1954
	(actual cases)	
Michigan.....	110,031	111,369
Utah.....	(a)	(a)
Wash., Ore., Idaho.....	872,715	917,579
California.....	532,890	405,459
Other states.....	24,349	47,545
U. S. Total.....	1,539,985	1,481,952

(a) Included in other states.

1954 Pack of RSP Cherries

The 1954 pack of canned red pitted cherries amounted to 3,086,342 actual cases, compared with the 1953 pack of 3,848,629 cases, according to a corrected report by the N.C.A. Division of Statistics.

State	1953	1954
	(actual cases)	
N. Y. and Pa.....	409,994	537,258
Ohio.....	(a)	(a)
Michigan.....	2,739,265	1,942,785
Wisconsin.....	526,495	340,712
Colorado.....	(a)	(a)
Utah and Idaho.....	41,972	117,179
Wash. and Ore.....	199,692	133,819
Other states.....	24,211	44,580
U. S. Total.....	3,848,629	3,086,342

(a) Included in other states.

Canned Baby Food Stocks

Details of the canned baby food supply, stock and shipment situation are reported by the N.C.A. Division of Statistics as follows:

	1953	1954
	(thousands of dozens)	
Canner stocks, Jan. 1.....	55,300	65,305
Pack, Jan. through Aug.....	93,540	97,252
Supply.....	148,840	162,557
Canner stocks, Sept. 1.....	48,927	59,572
Canner shipments during Aug.....	12,001	12,690
Canner shipments, Jan.-Aug.....	99,913	102,985

Oliver Willits Honored

Oliver G. Willits, vice chairman of the board of the Campbell Soup Company, has been named 1954 recipient of the Commerce and Industry award of the Greater Philadelphia-Delaware-South Jersey Council.

Mr. Willits was selected for the award by a committee of five business and civic leaders. The award is given annually to an individual who has made an "outstanding contribution to the advancement and development of the tri-state Greater Philadelphia area."

Mr. Willits is chairman of the Committee for Study of the Delaware River. He was cited specifically for "his outstanding contribution in furthering industrial expansion and his leadership in developing new products which strengthen the local and national economy and focus attention on the tri-state region."

Individual Tariff Concessions

Notice is given in the *Federal Register* of September 22 that the Committee for Reciprocity Information will accept written briefs recommending modification or withdrawal of tariff concessions on individual products, previously negotiated under the General Agreement on Tariffs and Trade.

Concessions originally negotiated at Geneva in 1947, at Annecy in 1949, or at Torquay in 1950 may be modified or withdrawn by the United States or any other contracting party after January 1, 1955, under procedures permitting the negotiation of new concessions in compensation for any modification or withdrawal.

Written views should be submitted to the CRI by October 18, the date on which public hearings will begin. Applications for appearances should be made by October 6 and should be accompanied by a preliminary outline indicating the subject on which the individual wishes to be heard.

American Home Magazine

"Peaches, golden and perfect, and canned at the peak of their goodness, are so delicious to eat just as they come from the can, to bake into a pie or a cake, or to mold into a handsome salad, that we're apt to overlook the excellent way in which their flavor combines with other foods." This is the way the October *American Home* article entitled "Take a Can of Peaches" begins.

Catherine Nissly, food editor, also makes several suggestions for using canned peaches. Prepared dishes of the four recipes given in the article are shown in color.

Tide Magazine

"No blush on our faces as we wield the can opener or open up the freezer door," says an article on "The Woman's Viewpoint" in the September 11 issue of *Tide* magazine.

The column is written by Charlotte Montgomery and is a regular feature of the magazine.

The September 11 feature pointed out several changes in viewpoint held by modern men and women. Among these changes are the increased number of wives who are working outside of their homes with the approval of husbands, and the do-it-yourself trend.

Concerning the use of canned foods, Miss Montgomery states, "The other day someone said to me, 'see here, do you think women are ashamed to serve food out of cans, to use instant coffee and quick-mix desserts?' I said no, I didn't find it so. Many a housewife pats herself on the back for being in-the-swim, using the newest things."

The column is illustrated by a picture of a smiling young woman holding a can and pushing a filled shopping cart.

1954 Yearbook of Agriculture

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Lesson in Marketing, Selling in Foreign Markets, Transportation, Ways and Means of Storage, Processing, Better Ways of Handling Food, Modern Packaging, Grades and Standards, Reporting Supplies and Markets, Food for Families, Some of the Levies Against Marketing, Barriers to Trade, Prices and Pricing, Marketing Agreements, How to Launch a New Product.

The concluding section describes in detail the marketing of feed grains, wheat, fruits and vegetables, sugar, tobacco, cotton, fats and oils, wool, eggs and poultry, dairy products, and livestock.

Forthcoming Meetings

- October 10-13—National Association of Food Chains, Annual Convention, Waldorf-Astoria Hotel, New York City
- October 21-23—Florida Cannery Association, 33rd Annual Meeting, Hollywood Beach Hotel, Hollywood
- October 27—National Pickle Packers' Association, Annual Meeting, Drake Hotel, Chicago
- November 1-3—Iowa-Nebraska Cannery Association, 53rd Annual Meeting, Hotel Fort Des Moines, Des Moines
- November 3-5—Association of Food Industry Sanitarians, Annual Meeting and Conference, Hotel Statler, Los Angeles
- November 4—Illinois Cannery Association, Fall Meeting, LaSalle Hotel, Chicago
- November 4-5—Ozark Cannery Association, Fall Meeting, Colonial Hotel, Springfield, Mo.
- November 8-9—Wisconsin Cannery Association, 50th Annual Convention, Schroeder Hotel, Milwaukee
- November 8-10—Grocery Manufacturers of America, Inc., Annual Meeting, Waldorf-Astoria, New York City
- November 17-19—Indiana Cannery Association, French Lick Springs Hotel, French Lick
- November 22-23—Pennsylvania Cannery Association, 40th Annual Convention, Penn Harris Hotel, Harrisburg
- December 2-3—Michigan Cannery and Freezers Association, Fall Meeting, Pantlind Hotel, Grand Rapids
- December 2-3—Tri-State Packers Association, Annual Convention, Lord Baltimore Hotel, Baltimore, Md.
- December 2-5—Georgia Cannery Association, Annual Meeting, DeSoto Hotel, Savannah
- December 7—Minnesota Cannery Association, 48th Annual Convention, Hotel Radisson, Minneapolis
- December 7—Maine Cannery Association, Annual Meeting
- December 9-10—New York State Cannery and Freezers Association, 69th Annual Convention, Hotel Statler, Buffalo
- December 16-17—Ohio Cannery Association, 47th Annual Convention, Neil House, Columbus
- January 9-13—Super Market Institute, Midyear Meeting, Boca Raton Club, Boca Raton, Fla.
- January 12-13—Iowa-Nebraska Cannery Association, Annual Cannery Conference, Ames, Iowa
- January 12-13—Northwest Cannery Association, Annual Convention, Olympic Hotel, Seattle
- January 18-20—Tri-State Packers Association, Sixth Annual Management Workshop, College Park, Md.
- January 27-28—Cannery League of California, Annual Fruit and Vegetable Sample Cutting, Fairmont Hotel, San Francisco
- January 31-February 1—Tri-State Packers Association, Fieldmen's School, College Park, Md.
- January 31-February 1—Ohio Cannery Association, Annual Cannery and Fieldmen's School, Columbus
- February 1-3—Pennsylvania Cannery Association, 10th Annual Fieldmen's Conference, State College
- February 3-5—Ohio Cannery Association, Cannery Short Course, Columbus
- February 14-16—Canadian Food Processors Association, Annual Convention, Seignior Club, Montebello, P. Q.
- February 15-18—National-American Wholesale Grocers Association, 49th Annual Convention, Hotel Morrison, Chicago
- February 18—National Pickle Packers Association, Winter Meeting, Drake Hotel, Chicago
- February 19-23—National Cannery Association, 48th Annual Convention, together with National Food Brokers Association and Canning Machinery and Supplies Association, Chicago

- March 10-11—Tri-State Packers Association, Spring Meeting, Haddon Hall, Atlantic City, N. J.
- March 25-26—Utah Cannery Association, 43rd Annual Convention, Hotel Utah, Salt Lake City
- March 28-29—Cannery League of California, 51st Annual Meeting, Santa Barbara Biltmore, Santa Barbara
- May 15-18—U. S. Wholesale Grocers Association, Annual Convention and Exposition, Miami Beach, Fla.

Area of Production Definition

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cluded from the exemption plants located within stated distances from cities or towns having a population of 2,500 or more.

Following this decision, the Administrator revised his definition of "area of production" and established the current definition, which retains the dual tests of population in nearby towns and distance from which raw materials are received. A summary of the scope of the present definition may be found in the INFORMATION LETTER of February 11, 1950, page 100.

The U. S. Court of Appeals for the 10th Circuit, in a 1952 decision involving employees of a cotton compressing establishment (*Tobin v. Traders Compress Co.*) upheld the current administrative definition of "area of production" under an attack based on its population limitations. One judge vig-

orously dissented, pointing to the Supreme Court's conclusion in the *Addison v. Holly Hill* case that "when Congress granted exemptions for workers within the 'area of production' (as defined by the Administrator) it restricted the Administrator to the drawing of geographic lines, even though he may take into account all relevant economic factors in the choice of areas open to him. . . ."

The recent decision of the 5th Circuit (*Lovvorn v. Miller*) followed a suit by a night watchman employee of a cotton warehouse for back wage payments in accordance with the statutory minimum. The employer defended on the grounds that the population features of the Administrator's definition of "area of production" rendered it invalid and that therefore the employer was entitled to rely on the single test of the distances from which he received his raw materials.

The 5th Circuit adopted the reasoning of the dissent in the 10th Circuit case and remanded the case to the District Court with instructions to hold it until the Administrator revises his definition to accord it with the limited authority given to him by Congress.

The conflict of rulings by Courts of Appeal on this issue may result in a further review of the present "area of production" definition by the Supreme Court.

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